

REMARKS

ON THE

FRENCH REVENUE.

THE system of Taxation, whose principles have been explained in the foregoing paper, is at least so far interesting, that it presents perhaps the first instance on record, where the legislature of a great country has thought fit to subject the theory of metaphysical reformers to the test of experiment; and that too on so extensive a scale, as to risk on its success their own reputation, and the happiness of the people whom they were called to govern. But after examining the reasons which led to the adoption of the experiment, and the means by which it was proposed to insure its success, a much more important inquiry still remains; and we naturally wish to know, what has been the ultimate result of such a trial, whether any, and what portion of that formidable power, which now menaces Europe, is owing to this innovation in the mode of imposing taxes, and what is the present state of the French Revenue.

Unfortunately it is not easy to give a satisfactory answer to any part of this question. We know, indeed, from a late *arrêté* of the Directory, that a very considerable part of the last year's taxes are still in arrear, and it seems doubtful whether that arrear can ever be called in: the clamour against the enormous disproportion of taxes thrown on the landed revenue, is almost universal; and several members of the Councils have on many late occasions, attacked the very foundations of the new system; but so many causes have concurred to perplex its operation, that it is perhaps impossible to ascertain at present its practical merits or defects.

As to the last part of the question, viz. the actual state of the finances, the several committees who have been appointed to present to the public a circumstantial report on their situation, seem to have abandoned the attempt in despair; and the following analysis of the Budget of the present year, will distinctly show the extent of perplexity and embarrassment, in which the subject is still involved.

By the law of the 6th November, 1796, the legislature stated the wants of the country at one *milliard* (a thousand millions of livres, or near £42,000,000. sterling) *valeur métallique*, of which 450 millions are for the ordinary, and 550 millions for the extraordinary expences.

The first of these sums they proposed to levy by contributions: the other by calling in the arrears of former taxes, by the revenue of the national domains, forests, &c. and by the sale of so much of these domains, as might be necessary to fill up the deficit. They fixed the *contribution foncière* at 250 millions, and the *contribution personnelle et somptuaire* at 50 millions, they proposed to revise and amend the tax on the *postes et messageries*, so as to insure a net receipt of 12 millions, and by similar means to raise the plate tax (*marque d'or et d'argent*) to 500,000 *liv.* For the remaining 137,500,000 *liv.* they decreed the *patentes*, and the *droits de timbre, enrégistrement, hypothèques, douanes, &c.* without specifying their exact amount; but explaining, that whatever deficiency might still remain, should be filled up by indirect taxes hereafter to be laid.

So far the statement is very clear; but they afterwards proceed to say, that they will accept, for one-half of the direct taxes, *des bons de réquisition*, that is to say, receipts delivered to the farmers in return for corn or forage exacted for the public service. Now it is evident, that in this case, though they would liquidate a considerable portion of floating debt, they would acquire no disposable revenue, unless they hoped, by relieving the market, to obtain the means of issuing an equal quantity either of mandates, or of some other government paper. But still they could not possibly expect, in the then state of public credit, to issue such paper at a better rate than 50 per cent. discount. Consequently, on their own assumption

$\frac{1}{2}$ of the 300 millions direct taxes, levied in money, would give	-	-	150 millions
$\frac{1}{2}$ or 150 millions in paper, at 50 per cent. discount	-	-	75
			225 millions

which leaves a deficit of no less than 75 millions to be filled up by indirect taxes, in addition to the deficiency which was expected to arise in the produce of the *patentes*, and other incidental contributions, all of which have certainly diminished in an equal, or perhaps still higher proportion.

The ordinary expences for which this ordinary revenue was expected to provide, are not mentioned in the law of the 6th November; but we know their amount to be 240,342,132 *liv.* or about 10 millions sterling, without reckoning the annual amount of the interest on the national debt. This I believe has never been exactly ascertained, but it is known not



to fall much short of 250 millions. Gibert des Molières states the interest on *la dette publique connue* at 248,035,394 *liv.* (rather more than 10 millions sterling), and adding this to the former sum of 240 millions, &c. he states the total ordinary expence at 488,377,526 *liv.*, (£ 19,535,101. sterling) which exceeds the sum mentioned in the law of the 6th November by 38,377,526 *liv.* (near £ 1,600,000. sterling). And on this subject the testimony of Gibert des Molières is perfectly unexceptionable, as the avowed purpose of his whole statement was to prove, that the ordinary revenue is equal to the ordinary expence, so that he could have no motive for exaggerating the amount of the debt: indeed by the guarded expression of "*la dette connue*" he seems to have been more anxious to avoid the charge of having intentionally kept back a part of what he knew to be outstanding. It is also to be observed, that he of course takes no notice of the floating debt which does not bear interest, that he deducts from the charges of the present year rather more than 93 millions (near 4 millions sterling), in consequence of a resolution of the Councils to pay in money no more than one quarter of the dividends due to the *rentiers*; and that although by these means he produces an excess of revenue, he states that revenue at no more than 422,100,000 *liv.* which is 27,900,000 *liv.* (£ 1,150,000. sterling) less than the original estimation; notwithstanding he makes no allowance for the loss which I have mentioned as a necessary result from the increasing depreciation of paper money.

It is owing to the confusion introduced by this progressive depreciation, that no two committees, and perhaps no two members of any one committee, have been able to agree upon the subject of the national revenue. For, since the nominal value received on one day in payment for any given sum, cannot be paid on the next day in discharge of the same sum, it is evident that every separate article of expence in a running account will require a separate calculation, in order to ascertain its real money value. Indeed this precaution is now ordered by law (it passed on the 23d of last June) as a necessary preliminary to every judicial process in money matters between individuals; the several departments are enjoined to make out a statement of the course of paper currency at their market, since the first emission of such paper, and a series of Tables, forming a quarto volume of 150 pages, has lately been published at Paris, for the purpose of enabling persons in trade to investigate the state of their own money transactions, from the year 1789 to the present time. But as a similar investigation of the national accounts would demand such a consumption of time and labour, as would appal the most indefatigable calculator, it is not surprising that the several statements of the French finances should differ from each other by a few millions of livres, or even by several millions sterling.

Before I quit this subject, it may not be improper to notice the accelerated rapidity with

which the discredit of the several kinds of French paper currency has proceeded. The first assignats were issued on the 31st August, 1789, and it was not till the end of March, 1793 (nearly three years and a half), that they had lost near 50 per cent.; in the next twelve months the loss increased to 64 per cent., in the next year to 87, and at the end of March, 1796, 100 *liv.* assignats was worth no more than 8 *sous*. The next paper issued was *les rescriptions*, a sort of treasury notes professing to be payable in money in three months. These were delivered on the 22d Dec. 1795, but were not negotiated till the 1st February, 1796, at which time they sold at 65 *liv.* that is, 100 *liv.* in rescriptions was worth 65 *liv.* On the 21st March of the same year, they had fallen to 34 *liv.* 10 *sous*. On the same day the Councils passed a law for the creation of 2,400,000,000 (something more than 100 millions sterling) in mandats, a paper intended to have the full effect of money, and capable of being immediately realized on the same terms as cash, in the purchase of domains: and by a resolution of the same date, the treasury were authorized to issue immediately *les promesses de mandats* to the same effect, and by an *arrêté* of the Directory, the *rescriptions* were assimilated with *these promesses*. This new paper was first negotiated on the 21st March at 34 *liv.* 10 *sous*; it is at present at 20 *sous*, and undergoes no farther variation. The only species of paper, therefore, which are at present negotiable on the Exchange, are *les bons de $\frac{1}{4}$* , *les bons de $\frac{3}{4}$* , and *les inscriptions*. In order to explain the first of these denominations, the resolution of the Councils to pay in money only one-quarter of the present six months dividend, due to the *rentiers* or stock-holders: a receipt, intitling the bearer to this payment, is called a *bon de $\frac{1}{4}$* , and the present value of such a *bon* to the nominal amount of 100 *liv.* is 40 *liv.* The remaining $\frac{3}{4}$ of the six months is to be paid at some subsequent period, and the receipt intitling the bearer to such payment, called a *bon de $\frac{3}{4}$* , is worth from 15 to 16 *liv.* The *inscriptions sur le grand livre*, are the capitals in the French funds, bearing (I believe) 5 per cent. interest. They were, towards the close of last year, at par with mandats, that is to say, at about 97 per cent. discount; but the hopes of peace in the first instance, and the subsequent successes of the French arms, raised them to about 40 *liv.* in the course of the present spring. They are now at 20 *liv.* and daily declining in value.

After this long digression, which however, it is hoped, will not be thought entirely impertinent, I return to the second part of my subject, namely, the Extraordinary Revenues of the Republic, consisting of arrears, the revenue of national domains, and the alienation of such domains.

With respect to the arrears, however considerable they may be, we may fairly assume, considering the strength of this government, and the severity with which the payment of

all taxes on proprietors in the higher classes has been enforced, that such arrears have been produced by the total incapacity of such proprietors to pay in their contributions; and on the part of the peasantry, who have become purchasers of national domains by such a marked resolution to resist the tax, as the Directory have not ventured to oppose: and consequently, that no essential or speedy assistance is likely to be derived to the treasury from this source of Revenue.

On the subject of the annual produce of the national domains, it has not been in my power to obtain any satisfactory information. The management of forfeited lands may doubtless form a comfortable provision for many dependants of the Directory, because such managers will probably take care of themselves; but it has been frequently and openly asserted in the Councils, that upon the whole mass of forfeitures the expences have fully equalled the produce; and as this has not been satisfactorily disproved, we are at least authorized to conclude, that the Republic is not likely to be much the richer from the extent of territory which is farmed for the interest of the state.

The alienation of these domains, therefore, is evidently the principal, if not the only source to which the government could look for any considerable relief; and with a view to facilitate their sale, the law contains the following directions.

1. The lands shall be legally appraised: they shall be put up to sale to the highest bidder; but may be sold for any price not falling short of fifteen years' purchase on their appraised revenue.

2. As an inducement to purchase, one-tenth only is to be paid in money, of which one-half at the time of sale, and the other in six months. Four-tenths are to be paid by four several obligations, or *cedules hypothécaires*, recoverable annually in cash, and bearing an interest of 5 per cent.

Lastly, the remaining five-tenths may be discharged in any of the following species of paper, viz. *ordonnances des ministres pour fournitures faites à la République; bordereaux de liquidation de la dette publique, ou de la dette des émigrés; bons de réquisitions; bons de loterie; bons de restitution et d'indemnité de pertes occasionées par la guerre des frontières ou de l'ouest (la Vendée);* lastly, *inscriptions sur le grand livre.*

Now, with a view to ascertain the effects of a sale so conducted, let us suppose an estate valued at 1,000 *liv.* revenue, to have been sold during the month of Brumaire, when the law was passed.

The value of this at 15 years' purchase is 15,000 *liv.* consequently,
one-tenth of this payable in money is 1,500 *liv.*
Four cedules of 1,500 *liv.* each is - 6,000
7500 *liv.* payable in *inscriptions* which at that }
time were at par with mandates, i. e. at 3 *liv.* } 225
for every hundred - - - } ———

7725 *liv.*; that is to say, about half of the

appraised value, at only 15 years' purchase.

But we are farther to consider, that the estates of the church are all or nearly all sold, that the estates of about 80,000 persons have been forfeited in consequence of their supposed emigration, whereas only about 20 thousand have really emigrated; that of the forfeitures which have been subjected to a revision, very few have been confirmed by the juries, whose sentence can alone give a final and decisive title; that the lands so offered to sale, have been twice employed as pledges for a paper currency, and may be resumed in future from their new proprietors; and that the measure being highly unpopular, there is no competition among real bidders, nor any security for a fair appraisement; so that we might fairly conclude *a priori*, that such estates would not sell for a quarter of their real value: and indeed I am assured that they have in general varied from one to six years' purchase, which last they have seldom exceeded.

After all, the principal object of this part of the law was to introduce a new paper currency, on the basis of private instead of public credit; but this project also has completely failed, and the *cedules hypothécaires* seem condemned to oblivion.

In short, the attempt of the French government, which was no less than to raise within the year, and notwithstanding the utter annihilation of public credit, a sum equal to the net annual revenue of the whole country, has most certainly not succeeded ; whether they have in point of fact been able to raise one-half of that sum, cannot be easily ascertained, on account of the various sources of uncertainty which have been already mentioned. I should rather incline to the contrary opinion ; because it is notorious that the army of Italy, besides paying its own expences, has transmitted considerable sums to government ; and that the remaining armies form nearly the whole visible expence of the present year. Neither the officers of justice, nor any class of persons in civil employments have been paid at all ; nor indeed even the navy, since within this week injunctions have been sent to the several administrations at the sea ports, to prevent the sailors from resorting to Paris, in order to solicit the arrears of their pay.

July 24th, 1797.





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